

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** 06/27/2012  
**POSITION:** Neutral  
**SPONSOR:** State Treasurer's Office

**BILL NUMBER:** SB 1116  
**AUTHOR:** Leno, Mark

**BILL SUMMARY: California Pollution Control Financing Authority: Capital Access Loan Program.**

Existing law provides for California Pollution Control Financing Authority (CPCFA) to administer the California Capital Access Program (CalCAP) for the purpose of encouraging financial institutions to make loans to small businesses which are slightly outside of conventional underwriting standards. CPCFA sets up a loan loss reserve account for each participating financial institution, in which the financial institution, the borrower, and CalCAP, as specified, place loan guarantee contributions that are used to cover charged-off loans when a claim is requested.

This bill would reduce the minimum participation fee for financial institutions and qualified borrowers from two percent to one percent of the principal amount of the loan. This change would be effective until April 1, 2017, unless later statute to extend or delete the sunset date is enacted. Otherwise, the minimum participation fee would revert back to two percent after April 1, 2017.

**FISCAL SUMMARY**

Per the State Treasurer's Office, this change has no fiscal impact to CPCFA.

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the April 26, 2012 version are minor and do not alter our position.

**COMMENTS**

We understand the intent of the bill is to increase access to small business CalCAP loans by reducing the minimum contribution amount to the loan loss reserve account from the borrower and lender. Finance is neutral on this bill for the following reasons:

- No direct cost to CPCFA.
- The reduction in fee would not result in an insufficient fund balance. CPCFA qualified for \$84 million from the federal Small Business Credit Initiative Act of 2010 and received the first of three \$28 million installments in April of 2011. Conditions attached to these funds require lenders and borrowers to contribute a minimum of one percent. Any funds not spent by the end of 2016 revert to the federal government.

Analyst/Principal (0122) O.Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

## AUTHOR

**AMENDMENT DATE**

**BILL NUMBER**

Leno, Mark

06/27/2012

SB 1116

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					
	LA	(Dollars in Thousands)					
	CO	PROP					Fund
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	Code
0974/Poll Control	SO	No		----- No/Minor Fiscal Impact -----			0930
0974/Poll Control	SO	No		----- No/Minor Fiscal Impact -----			0890
<u>Fund Code</u>	<u>Title</u>						
0890	Trust Fund, Federal						
0930	Pollution Control Financing Authority Fd						